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8 April 1953

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with General William J. Donovan, Special Consultant for the Director of Mutual Security Agency, on 2 April 1953

1. On 2 April 1953, the undersigned met General Donovan in his office in New York City to review certain matters regarding East-West Trade which the General was interested in exploring.

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3. The undersigned reviewed the file on [REDACTED] Line and General Donovan took notes of [REDACTED] activities principally from the memorandum of 1 November 1950 written by the Assistant Director of Research and Evaluation.

4. The undersigned briefly summarized the conclusions of the latest draft of NIE-59: Probable Effects of a Severance of the East-West Trade. The General made a few notes of this.

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NO CHANGE IN CLASS. ☐

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CLASS. CHANGED TO: TS S **0191**

NEXT REVIEW DATE: _____

AUTH: HR 70-2

5. The General

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5. The General reviewed the [redacted] report on the copper project which was written by [redacted] covering the month of March 1953. He concurred in our plans for [redacted] etc., of [redacted]

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6. Delivered to the General a list of the 10 most notorious transshippers of strategic materials behind the Iron Curtain, together with a special list of commodities and equipment which ORR has designated as being the "most important items" which are most eagerly sought by the Bloc. I also explained that complete dossiers on the 10 transshippers are being prepared for Mr. Kenneth Pansen's office (ODMS) and General Donovan said he would be glad to look at them when they are ready. He also mentioned that he would keep an eye out for these names in case he ran across them in his regular business.

7. In connection with the transshippers, General Donovan remarked that he was in touch with a Swiss Banker who was going to send him a statement of what the Swiss were doing to prevent the shipment of strategic goods through their country. He wasn't sure just what this was, but it sounded like the Swiss Bankers' Association Agreement of last year regarding the financing of such shipments.

8. The undersigned briefly reviewed SE-37: Probable Effects of Various Possible Courses of Action with Respect to Communist China. General Donovan took a few notes on this subject.

9. The undersigned gave the General for future study Mr. Harold Stassen's statement to the Senate together with a copy of his memorandum on non-Communist shipping trade with Red China, which was also presented to the Senate Committee.

10. General Donovan read with interest the three T/S memoranda on retaliatory measures which might be taken against the Soviets in connection with the Berlin Blockade. He expressed considerable interest in this problem as he had apparently suggested in 1948 the closing of the Panama, Suez, and Kiel Canals as a means of interfering with Bloc shipping. in reprisal for the blockade of Berlin.

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11. Outlined to the General our present concept of the major shipping targets: all ships legally carrying strategic cargoes to (a) Communist China and North Korea, or (b) the Bloc. I told him that our number one target was the [redacted] and chartered ships, and while it was our responsibility through FI and IWG to identify the chartered ships and the cargoes being carried, we would appreciate any advice he might have regarding laying on of operations to interfere with this traffic.

12. We then talked

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12. We then talked at some length about the problem of the Lend-Lease vessels now in the possession of the USSR, and constituting over 50% of their vessels over 1,000 gross tons. I outlined the work that had already been done by the [REDACTED] to set up a mechanism for buying and chartering to a third party the Lend-Lease vessels and explained briefly the problem of establishing whether State or Maritime had title to these ships and what was State's position regarding any deal that might be worked out.

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